

THE CENTRAL VALLEY FLOOD PROTECTION BOARD – August 26, 2010

Alejandra Lopez
Agenda Item No. 9 (R)

SUBJECT:

The Board is requested to approve and delegate to the Board president and secretary the authority to execute the GILL RANCH NATURAL GAS STORAGE LEASE for the Gill Ranch Natural Gas Storage Project.

LOCATION:

The proposed Storage Field is located in central California's San Joaquin Valley, approximately 20 miles west of Fresno, and approximately 7 miles northeast of the city of Mendota. The Storage Field is located primarily in western Madera County and a portion of the Field spans the San Joaquin River into Fresno County. The town of Firebaugh is located approximately 11 miles northwest of the Storage Field, and the town of Kerman is located approximately 8 miles southeast.

The proposed Lease for underground natural gas storage facility area lies within Sacramento and San Joaquin Drainage District's (SSJDD) property located within portions of Sections 8, 15, 16, 17, 18, 19, 20, 21, 22 & 28, Township 13 South, Range 16 East, MDB&M, in Fresno and Madera Counties, California. All or a portion of the lands subject to the Lease lie within the heavy black line demarcating the Gill Ranch Gas Field, as shown on the attached maps marked Exhibits A and B.

BACKGROUND:

Staff received a letter from PPC Land Consultants, on behalf of GILL RANCH STORAGE, LLC and PACIFIC GAS AND ELECTRIC COMPANY (Company) requesting to lease land in Fresno and Madera Counties, Township 13 South, Range 16 East, Sections 8, 15-22 and 28 MDB&M owned by Sacramento and San Joaquin Drainage District, acting by and through the Central Valley Flood Protection Board (Board), for a term of 49 years, as more particularly set forth in the Natural Gas Storage Agreement, attached hereto.

The proposed Gill Ranch Storage Field (underground component) will utilize depleted reservoirs in an existing gas field known as the Gill Ranch Gas Field. The Gill Ranch Gas Field is approximately 4996 acres. The project is designed for storage of 20 billion cubic feet (bcf) of working gas and 650 million cubic feet per day (MMcfd) of peak deliverability. Approximately 27-mile underground pipeline will connect the storage reservoirs with PG&E's transmission system. Underground natural gas will free flow back into the PG&EW system. All lands belonging to the Board located within the Gill Ranch Gas Field as described in Exhibit C. The Board's ownership share of the Gill Ranch Gas Field shall be 3.737% percent (3.737%).

The Company proposes to lease at the rental rate of One Thousand Dollars (\$1,000.00) per month on or before the first day of each month commencing on September 1, 2010 or for each annual rental period beginning on January 1 of each succeeding year during the term of the Lease, the Company shall pay to the State in advance, a rent for the next 12 month period, the greater of Ten Thousand Dollars (\$10,000) (the "Minimum Rent") or 3.737 percent (3.737%) of four percent (4%) of projected gross income for that next 12 month period. The Company maintains that there are no remaining reserves of Native Gas in the Storage Reservoir. The Company shall have the right at any time to commingle injected gas with any natural gas which may now exist in the Storage Reservoir and extract, produce, remove, market, use or dispose of any natural gas within the Storage Reservoir free of any claim or demand by the Board. Notwithstanding the above, the Company shall pay to the Board, in money, royalty of one-sixth (1/6th) of the value of all Excess Gas it withdraws from the Storage Reservoir. Excess Gas is that amount of

cumulative natural gas withdrawn that exceeds one hundred one percent (101%) of the cumulative amount of natural gas that the Company has injected since the inception of the Lease. Excess Gas will be initially determined on March 31, 2011 and thereafter on each succeeding fifth anniversary date of this initial determination (March 31), and finally on the expiration or termination date of this Lease.

In addition to the Gill Ranch Natural Gas Storage Lease (underground component), there is a surface component (not on State-owned land) that entail the construction and operation of a compressor station, up to 15 new injection/withdrawal wells at four well pads, and up to eight observation/monitoring wells at five well pads, an approximately 27-mile underground pipeline that will connect the storage reservoir with PG&G's transmission system and an approximately nine-mile electric power line to deliver electricity to the compressor site. The surface component has been reviewed and approved by the California Public Utilities Commission (Lead Agency) on October 29, 2009 and reviewed by CSLC staff on November 17, 2009 (W 26343). The Board has issued Encroachment Permit No. 18568 BD for this portion of the project on April 29, 2010.

In accordance with the Interagency Agreement Number 4600008081, between Central Valley Flood Protection Board and California State Land Commission (CSLC), Staff submitted a request for CSLC's review of a natural gas storage lease proposal. CSLC determined that the terms and conditions, including the rental and royalty rates, of the proposed lease are consistent with fair market values and consistent with a similar lease for the same project, CSLC lease (PRC 8885.1), recently approved by the CSLC at their June 2010 meeting. CSLC recommended approving and entering into the negotiated natural gas storage lease for the lands owned by SSJDD.

REQUEST:

For the Board to approve and delegate to the Board president and secretary the authority to execute the GILL RANCH NATURAL GAS STORAGE LEASE for the Gill Ranch Natural Gas Storage Project.

ATTACHMENTS:

- Natural Gas Storage Agreement
- Exhibits A and B – Maps of the Gill Ranch Gas Field
- Exhibit C – Legal Description of SSJDD property

STAFF RECOMMENDATION:

Staff recommends approval and delegation to the Board president and secretary the authority to execute the GILL RANCH NATURAL GAS STORAGE LEASE for the Gill Ranch Natural Gas Storage Project.

EXHIBIT A

Gill Ranch Storage Project Area: Surface Ownership Index Map

PPC No.: 650-02 - Fresno and Madera County, California - T13S R16E, Sections 8, 15-22 and 28, NDB&M

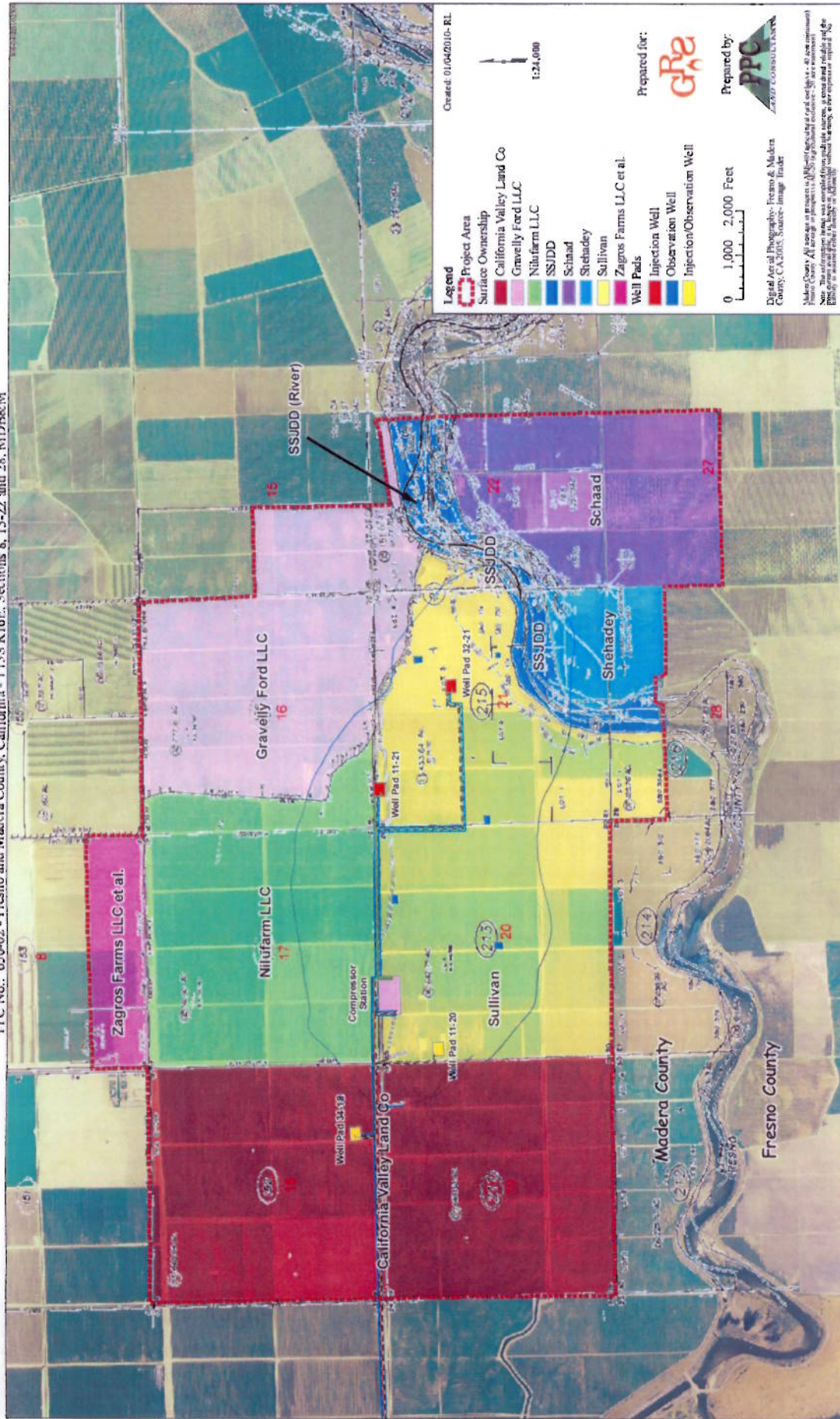
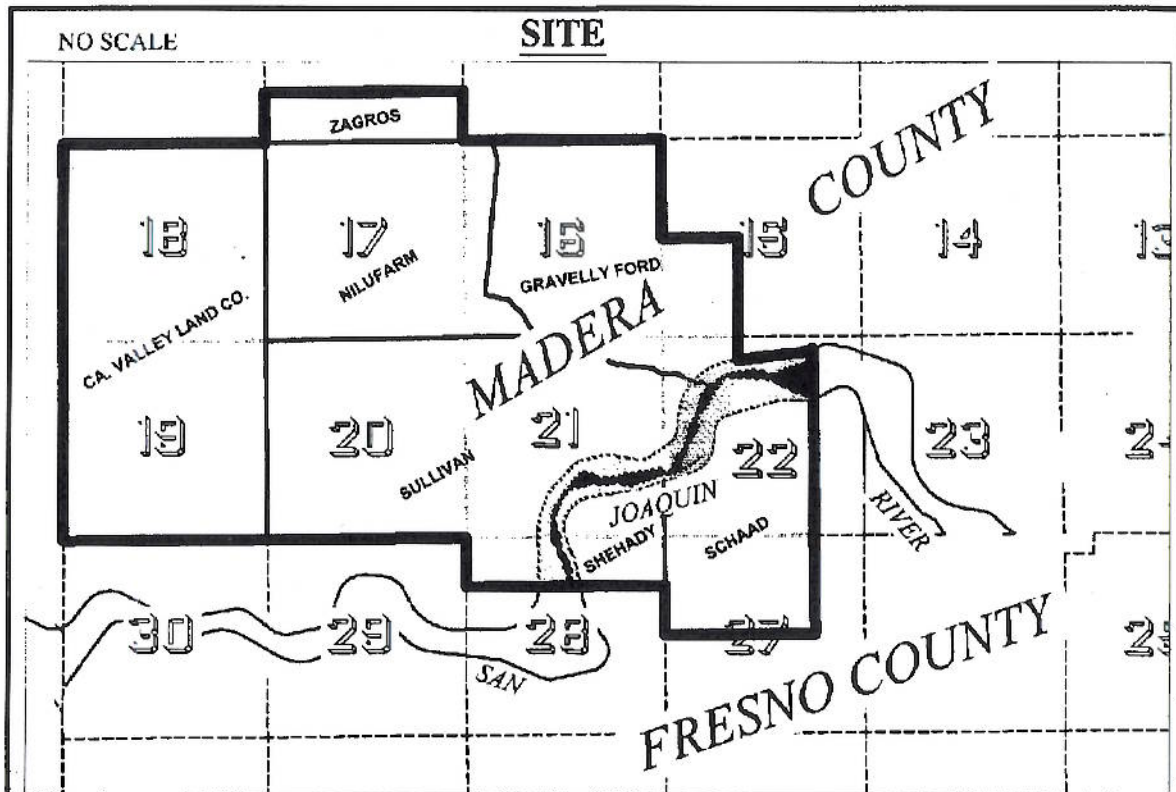


EXHIBIT A

EXHIBIT B



GILL RANCH STORAGE LLC, SUBSURFACE NATURAL GAS STORAGE

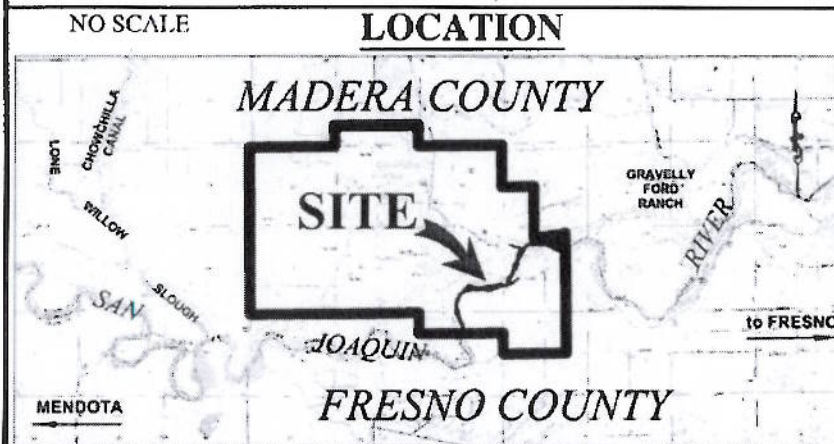


Exhibit B
W 40948
GILL RANCH STORAGE LLC
SUBSURFACE GAS
STORAGE LEASE
FRESNO & MADERA
COUNTIES



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

EXHIBIT "C"

LAND DESCRIPTION

A Parcel of land, consisting of Swamp and Overflowed Lands and other uplands, lying within and adjacent to the South ½ of Section 21, the West ½ and the West ½ of the East ½ of Section 22, and the North ½ of the North ½ of Section 28, Township 13 South, Range 16 East, MDM, within Fresno and Madera Counties, California;

Being portions of the following parcels described in deeds to the Sacramento and San Joaquin Drainage District:

- A. Parcels 4087D, 4087H(j), 4087(k), 4087(l), 4087(m), 4087(n), 4087(o), 4087(p), 4087(q), 4354, and 4355, all as described in the deed from Newhall Land and Farming Company, recorded in Book 974 at Page 440, Official Records of Madera County;
- B. That parcel described in the deed from the Estate of Brewer, recorded in Book 5200 at Page 638, Official Records of Fresno County;
- C. Parcels 3851-A, 3851-B(m), 3851-B(n), 3851-B(o), 3851-B(p), 3851-B(q), 3851-B(r), 3851-B(s), 3851-B(t), 4354, and 4355, all as described in the deed from Brown, recorded in Book 5267 at Page 425, and in the deed from Imeson, Kefford, and Lucas, recorded in Book 5267 at Page 435, and in the deed from Thomas, recorded in Book 5367 at Page 270, Official Records of Fresno County;
- D. Parcels 3845-A and 3845-C(a), both as described in the deed from Brown, recorded in Book 5267 at Page 441, and in the deed from Thomas, recorded in Book 5369 at Page 269, Official Records of Fresno County;
- E. Parcels 3872-A, 3872-B(a), 3872-B(b), 3872-B(c), 3872-B(d), all as described in the deed from Brown, recorded in Book 5268 at Page 522, and in the deed from Soares, recorded in Book 5604 at Page 151, Official Records of Fresno County;

EXCEPTING THEREFORM any portions of the previously enumerated parcels lying below the ordinary low water mark of the San Joaquin River.

END DESCRIPTION



Aug 13 / 2010

GILL RANCH NATURAL GAS STORAGE LEASE
Fresno and Madera Counties, California

This Lease is made and entered into effective as of September 1, 2010, by and among the SACRAMENTO AND SAN JOAQUIN DRAINAGE DISTRICT acting by and through the CENTRAL VALLEY FLOOD PROTECTION BOARD of the STATE OF CALIFORNIA, hereafter sometimes referred to as the "Board," and GILL RANCH STORAGE, LLC, an Oregon limited liability company, as to an undivided 75% interest and PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, as to an undivided 25% interest, hereafter sometimes collectively referred to as the "Company."

In consideration of the mutual covenants and conditions in this Lease, the Board and the Company agree as follows:

For the purposes of this Lease the following terms shall have the following meanings:

Gill Ranch Gas Field: That certain gas field area where the Company is the owner of the lessee's interest under gas storage leases, as set forth in Exhibit A, of lands lying within portions of Sections 8, 15, 16, 17, 18, 19, 20, 21, 22, 27 & 28, Township 13 South, Range 16 East, MDB&M, in Fresno and Madera Counties, California. All or a portion of the lands subject to the leases lie within the heavy black line demarcating the Gill Ranch Gas Field, as shown on the attached map marked Exhibit B.

Storage Formations: Those certain gas sands in the Gill Ranch Gas Field known as the First and Second Starkey Formations existing between the stratigraphic equivalents of the depths of 5,500 feet to 7,500 feet subsurface as found in the Phillips Petroleum Gill Ranch Deep A No. 3 Well drilled in Section 18, T.13S., R.16E., MDB&M, and the Moreno D-1 Sand as found in the Vern Jones Gill Ranch No. 1-21 Well over measured depths of 5,585 feet to 5,657 feet subsurface, or the stratigraphic equivalent thereof.

Storage Reservoir: That portion of the Storage Formations in the Gill Ranch Gas Field shown on the attached map marked Exhibit B that will store injected natural gas.

Native Gas: Natural or other gaseous hydrocarbons present in commercially producible quantities within the Storage Reservoir.

Board lands: All lands belonging to the Board located within the Gill Ranch Gas Field as described in Exhibit C.

Board Ownership Share: The Board's ownership share of the Gill Ranch Gas Field shall be 3.737% percent (3.737%). The Board's ownership share of the Gill Ranch Gas Field has been determined according to the best judgment of the Board and the Company. If the Company quitclaims or otherwise disposes of any of its leases of lands in the Gill Ranch Gas Field, as set forth in Exhibit A, the Board and the Company shall redetermine the Board's ownership share according to their best judgment, to be effective as of the date and time of the quitclaim or other disposition.

1. The Company shall pay to the Board the sum of One Thousand Dollars (\$1,000.00) per month on or before the first day of each month commencing on September 1, 2010, as rental for the period prior to the Rental Commencement Date as defined in Paragraph 4(a) of this Lease. If no injection has occurred prior to the one year anniversary date, the Rental Commencement Date will be September 1, 2011. The Company maintains that there are no remaining reserves of Native Gas in the Storage Reservoir. The Company shall have the right at any time to commingle injected gas with any natural gas which may now exist in the Storage Reservoir and extract, produce, remove, market, use or dispose of any natural gas within the Storage Reservoir free of any claim or demand by the Board. Notwithstanding the above, the Company shall pay to the Board, in money, royalty of one-sixth (1/6th) of the value of all Excess Gas it withdraws from the Storage Reservoir. Excess Gas is that amount of cumulative natural gas withdrawn that exceeds one hundred one percent (101%) of the cumulative amount of natural gas that the Company has injected since the inception of the Lease. Excess Gas will be initially determined on March 31, 2011 and thereafter on each succeeding fifth anniversary date of this initial determination (March 31), and finally on the expiration or termination date of this Lease. Payment of the royalty on Excess Gas shall be made within thirty (30) days of each period of measurement. The royalty on Excess Gas shall be valued at a price equal to the PG&E City Gate Price as published in the Natural Gas Intelligence first of month index (or such reasonably equivalent index as the Company may designate, subject to staff approval of the SACRAMENTO AND SAN JOAQUIN DRAINAGE DISTRICT acting by and through THE CENTRAL VALLEY FLOOD PROTECTION BOARD of the State of California, should such index cease to be published) in effect at the time of measurement.

2. The Company shall have the exclusive right during the term of this Lease to inject and store gas (with any water vapors absorbed), whether produced from the Board lands or from other lands, in and withdraw such injected gas (with any water vapors absorbed) from the Storage Reservoir.

3. The Board reserves from the operation of this Lease, all crude oil, natural gasoline and other liquid hydrocarbons and Native Gas in the Storage Formations in any of the Board lands. These substances shall remain the sole property of the Board, and no rights to them are granted to the Company by this Lease. The Board further reserves the right to grant easements or rights of way in, upon and under the Board lands, except as provided below. Nothing in this Lease shall be construed as limiting the power of the Board to lease, convey or otherwise transfer or encumber any or all of the Board lands for any purpose that will not interfere with the rights or privileges granted to the Company by this Lease; provided that the Board shall not drill into the Storage Reservoir or permit others to drill into the Storage Reservoir to produce hydrocarbons therefrom, and will not drill through or permit others to drill through the Storage Reservoir without taking such reasonable measures as the Company may require to protect the Storage Reservoir.

4. (a) Rent for Storage Rights. On the day when the Company commences the injection of natural gas into the Storage Reservoir (the Rental Commencement Date), the Company shall pay to the Board, in advance, for the period from the Rental Commencement Date to the next January 1, rent in the amount of 3.737 percent (3.737 %) (the Board's ownership share of the Gill Ranch Gas Field) of four percent (4%) of projected gross income to the Company from conducting gas storage operations for the rental period. For each annual rental period beginning on January 1 of each succeeding year during the term of this Lease, Company shall pay to the Board on or before the following March 15 (the "Rental Payment Date"), as rent for the next

rental period, Ten Thousand Dollars (\$10,000.00) (Minimum Rent) or 3.737 percent (3.737 %) of 4% of gross income for the prior rental period (or projected rental period for the second such rental payment if the initial period of operations is less than 12 months), whichever is greater. The Minimum Rent shall be adjusted upward on each anniversary of the Rental Payment Date by five percent (5%). The Rent for each 12-month rental period following the initial January 1 shall be due and payable on or before the following March 15, at which time the Company shall adjust the rent for that previous 12-month period to reflect the actual gross income for that period. The payment of rent shall be for the privilege of keeping this Lease in full force and effect until it expires or is terminated pursuant to the provisions of Paragraph 14. Gross income from the conduct of gas storage operations shall mean monetary compensation received by the Company for the use of or right to use the Storage Reservoir, including both capacity and usage charges, but shall not include: (i) the proceeds of sale of all or any portion of the gas storage project or (ii) the proceeds of any type of financing for the project. If the Company fails to pay the appropriate annual rental or incremental gas fee for any lease year, the Board may terminate this Lease upon giving ninety (90) days notice to the Company, or may continue this Lease with the right to exercise any legal or equitable remedy that the Board might otherwise have.

(b) Board's Audit Right. The Board shall have the right, not more often than once in any twelve (12) month period, to audit the books and records of the Company to ascertain whether the Company has properly calculated the rent payable to the Board under this Lease. Each of the owners of the gas storage project in the Gill Ranch Gas Field shall make all of its relevant books and records available to the Board during normal business hours upon written request from the Board, subject to the Board's and its auditors' written agreement to maintain all such information confidential. If the audit discloses an underpayment of rent, the Company shall make the applicable rent payment adjustment within sixty (60) days of the Board's invoicing. If the audit discloses an overpayment of rent, that overpayment shall be credited to the next payment due from the Company to the Board. If Rent was underpaid or overpaid by an amount greater than 5%, the Company shall reimburse the cost of the audit to the Board; otherwise the audit costs shall be borne by the Board.

(c) All late rental payments are subject to interest and penalty charges as specified in Title 2, California Code of Regulations, Section 1911.

5. All equipment, devices and materials required to measure the volume of gas injected into and withdrawn from the Storage Reservoir shall be installed, maintained, operated or furnished by the Company at the Company's expense. The unit of volume for purposes of measurement shall be one (1) cubic foot of gas at a temperature of sixty degrees (60) Fahrenheit and at the pressure of fourteen and seventy-three one-hundredths (14.73) pounds per square inch absolute. The volumes of gas injected into the Storage Reservoir and withdrawn from the Storage Reservoir shall be metered by one or more ultrasonic meters installed and maintained, and volumes shall be measured in accordance with the methods prescribed in American Gas Association (AGA) Report No. 9, Measurement of Gas by Multipath Ultrasonic Meters (2007) and any subsequent revision acceptable to the Company. Flow computer calculations shall be governed by the equations described in AGA Report No. 7, Measurement of Natural Gas by Turbine Meters (2006) or subsequent revisions. The Board, by its duly authorized representative, shall have the right to check and inspect measuring equipment installed or furnished by the Company and measurement data at all times during business hours, but the reading, calibration and adjustment of such equipment and collecting of data shall be done only by the Company. A Company representative shall be present when any such check or inspection is made by the

Board. Alternate standards, methods or equipment described in this paragraph may be employed by the Company, subject to staff approval of the SACRAMENTO AND SAN JOAQUIN DRAINAGE DISTRICT acting by and through The Central Valley Flood Protection Board of the State of California.

6. The Company shall pay when due any and all taxes lawfully assessed and levied under the laws of the United States of America, the State of California or any of its political subdivisions, upon improvements installed or maintained on the Board lands in the Gill Ranch Gas Field pursuant to the provisions of this Lease. Payment of any and all taxes lawfully assessed and levied on gas or other hydrocarbon substances injected into the Gill Ranch Gas Field shall be the responsibility of the owners thereof.

7. The Company shall not assign this Lease without the prior written consent of the Board.

8. Within thirty (30) days after Board approval of this Lease, the Company shall furnish to the Board and maintain during the term of this Lease a bond, certificate of deposit, letter of credit or other security acceptable to the Board in the amount of Twenty-five Thousand Dollars (\$25,000.00) in favor of the Board guaranteeing faithful performance by the Company of the terms, covenants and conditions of this Lease.

9. The Company shall be liable to the Board for all damage to any reservoir underlying the Board lands to the extent that the damage is caused by the negligence of, the breach of any provision of this lease by, or noncompliance with any applicable statutes or regulations by the Company, its employees, servants, agents, contractors or independent contractors. Nothing in this lease shall diminish any other rights or remedies the Board may have in connection with any such negligence or breach.

10. The Company shall procure and maintain at the Company's sole cost and expense a commercial general liability policy of insurance applying to the Board lands and to the operations of the Company under this Lease whether or not occurring on the Board lands. The insurance shall include broad form contractual liability coverage and name the Board as an additional insured. Such coverage shall have liability limits of at least two million dollars (\$2,000,000) per occurrence and a general aggregate limit of at least five million dollars (\$5,000,000); however, such liability limits may be provided through a combination of primary and excess (i.e., umbrella) insurance policies. Any liability insurance policy shall apply to all bodily injury, property damage, personal injury and other covered loss, however occasioned, during the policy term and shall provide that the coverage shall be primary. The insurance shall provide for severability of interests, shall provide that an act or omission of any one of the named or additional insureds shall not reduce or avoid coverage to the other named or additional insureds and shall afford coverage of all claims based on acts, omissions, injury and damage, which claims occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period. All policies shall be issued by insurers authorized to transact business in California and having a rating of at least B+ in the then-current edition of Best's Insurance Guide. The Company shall deliver a certificate of insurance to the Board as soon as practicable after securing the insurance. The Company shall give the Board at least thirty (30) days prior written notice of any cancellation or termination of the policy or voluntary reduction in insured limits. The Company shall furnish the Board with proof of renewal or binders for new insurance at least thirty (30) days before the expiration date of each policy. The Company may self-insure

all or part of its risk with the approval of the Board, such approval not to be unreasonably withheld, delayed or conditioned.

11. The Company shall exercise reasonable diligence in the operation of the lands used as a Storage Reservoir for natural gas and carry on all operations under this Lease in a good and worker-like manner in accordance with approved methods, having due regard for the health and safety of workers and employees. The Company shall hold the Board, its officers, agents and employees, at all times, free and harmless from all claims and liabilities on account of any breach of this Lease or negligent maintenance or operation by the Company or its officers, agents, employees or independent contractors.

12. With the written agreement of the parties, this Lease may be terminated at any time and any provisions of this Lease may be modified or amended. As provided by section 6804.1 of the Public Resources Code and in a form prescribed by the Board, the Company may quitclaim its interest in this Lease at any time by recording the prescribed quitclaim deed in the Official Records of Fresno and Madera County, California and furnishing a copy to the Board; provided that the quitclaim shall not relieve the Company of any obligations already accrued under this Lease.

13. In addition to the annual rental, the Company shall reimburse the Board for the actual, reasonable and necessary costs incurred for the administration and implementation of this Lease, including but not limited to, elevation monitoring, equipment inspection, engineering review, royalty verification and/or audit, reservoir and geologic review, annual lease reviews, and for any other staff time or expenses incurred or expended to ensure such operations conform to all the terms of this Lease and to the Board's rules and regulations, now or hereafter promulgated. The lease management fee shall not exceed Five Thousand Dollars (\$5,000.00) per lease year commencing September 1, 2010, but such maximum amount shall be increased in the amount of 3% per year, such increase to take effect annually on September 1 of each year. The Company and the Board shall each execute and deliver a State Standard Reimbursement Agreement, substantially in the form of Exhibit D, containing more detailed provisions pertaining to the lease management fee. The Board shall provide to the Company a statement setting forth the amount of the lease management fee for each lease year during the remaining term of the Lease, together with detailed documentation to identify and support the amounts claimed.

14. If the Company assigns this Lease without the consent of the Board, fails to comply with the applicable provisions of Divisions 3 and 6 of the Public Resources Code, or defaults in the performance or observance of any of the terms, covenants and conditions of this Lease or of any applicable rules and regulations, now or hereafter promulgated by the Board or any agency having jurisdiction over the activities under this Lease including the California Division of Oil, Gas and Geothermal Resources' field rules for the Gill Ranch Gas Field, and the default continues for at least thirty (30) days after written notice to the Company and no steps shall have been taken within that time to remedy the default, then the Board shall have the right to terminate this Lease (provided that any termination for failure to pay any adjusted rate and/or minimum annual rental shall be governed by the provisions of Paragraph 4 of this Lease). This provision shall not be construed to prevent the exercise by the Board of any legal or equitable remedy which the Board might otherwise have. The waiver or failure of the Board to act upon any particular violation shall not prevent the termination of this Lease for any other cause or for the same cause occurring at another time.

15. This Lease shall be effective at 7:00 a.m. on September 1, 2010, and shall continue in effect for a term of forty-nine (49) years until 7:00 a.m. on September 1, 2059. If this Lease is terminated pursuant to the provisions of Paragraphs 4, 12 or 14 of this Lease, the Company shall have the right for a period of five (5) years after any such termination to withdraw from the Storage Reservoir all gas injected by the Company and all Native Gas. If the Company exercises this right, it shall continue to be responsible for payment to the Board of the annual rental through the end of the lease year in which the Lease is terminated. While the Lease is in effect, including any extension or renewal of the Lease, and until five (5) years after termination of the Lease or when the Company has withdrawn all injected gas and Native Gas from the Storage Reservoir, whichever is sooner, the Board shall not permit others to drill or produce any well for the production of gas within the Storage Reservoir. The Board, however, may permit at any time others to drill or produce a well or wells for the production of gas from other Board Lands within the Gill Ranch Gas Field; provided that no drilling shall be allowed through the Storage Reservoir without taking measures reasonably required by the Company to protect the Storage Reservoir as long as the Lease is in effect.

16. The address of each party for the purpose of service of notices provided under this Lease, until changed by either party by written notice to the other is:

Gill Ranch Storage, LLC
220 NW Second Avenue
Portland OR 97209

Pacific Gas and Electric Company
Manager, Land Asset Management
PG&E Technical and Land Services
P.O. Box 770000, Mail Code N10A
San Francisco, CA 94177

**SACRAMENTO AND SAN JOAQUIN DRAINAGE DISTRICT acting by and through The
Central Valley Flood Protection Board of the State of California**
c/o Department of Water Resources
1416 9th Street, Room 425
Sacramento, California 95814

The parties have executed, or caused this Lease to be executed, by their duly authorized officers. This lease shall be effective September 1, 2010.

Gill Ranch Storage, LLC
By:
Name:
Title: Title:
Date: Date:

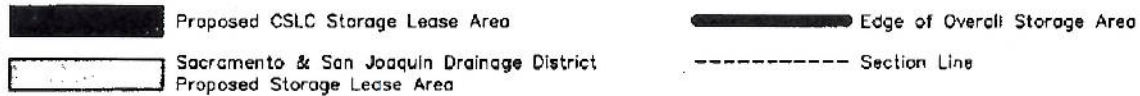
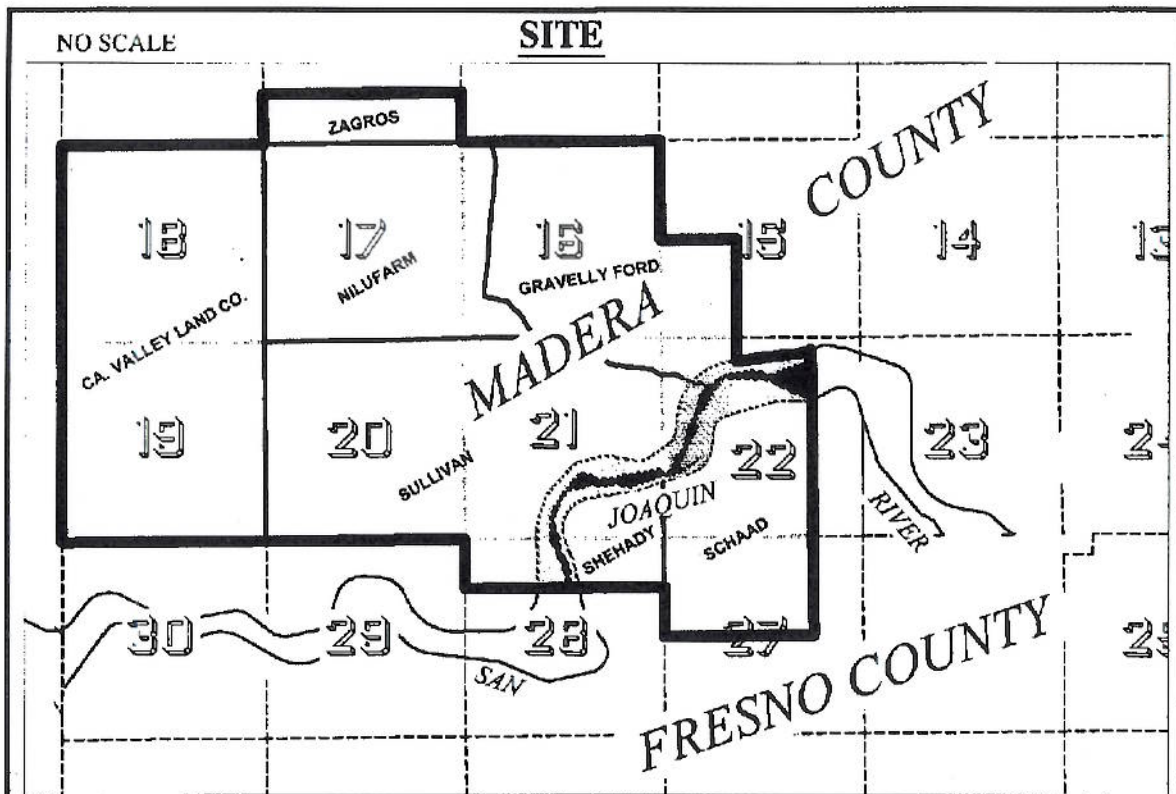
Pacific Gas and Electric Company
By:
Name:
Title:
Date:

Exhibit A

Gill Ranch Storage Underground Gas Storage Lease and Agreements

No.	Grantor(s):	Document Type:	APN:	Dated:	Recording Information:
1	Larry Sullivan and Betty Sullivan, etal	Memorandum of Underground Gas Storage Lease and Agreement	04-213-006; 040-215-011; 040-216-07(ptn)	22-May-07	July 10, 2007 / Inst. No. 2007-026025
2	California Valley Land Co. Inc.	Memorandum of Underground Gas Storage Lease and Agreement	040-152-03; 040-211-07	18-Jun-08	October 7, 2008 / Inst. No. 2008-035840
3	Giffen Ranch, a General Partnership	Memorandum of Underground Gas Storage Lease and Agreement	040-153-004 (Ptn)	27-Jun-07	September 17, 2007 / Inst. No. 2007- 034815
4	Gravelly Ford, LLC	Memorandum of Underground Gas Storage Lease and Agreement	040-156-002 (ptn) & 040-221-005 (ptn)	21-Sep-09	December 28, 2009 / Inst. No. 2009-042747
5	Nilufarm, LLC a California Limited Liability Company	Memorandum of Underground Gas Storage Lease and Agreement	040-154-02	11-Mar-08	April 3, 2008 / Inst. No. 2008-010971
6	Steven D. Schaad and Barbara L. Schaad	Memorandum of Underground Gas Storage Lease and Agreement	015-030-16 (ptn); 015-030-18, 015-070-28, 015-070-35 (ptn) 015-070-36 (ptn)	31-May-07	July 23, 2007 / Inst. No. 2007-0140168
7	Larry Shehadey Farms, Ltd., a California Limited Partnership	Memorandum of Underground Gas Storage Lease and Agreement	015-060-19; 015-060-41 (ptn); 015-190-10	5-Sep-07	November 6, 2007 / Inst. No. 2007-0202120
8	Zagros Farms, LLC, a California limited liability company / Fadak Orchards, LLC, a California limited liability company / Niki Farms, LLC, a California limited liability company / Dena Orchards, LP, a California limited partnership	Memorandum of Underground Gas Storage Lease and Agreement	040-153-08 (ptn); 040-153-09 (Ptn) [Formerly 040-153-05(ptn)]		
9	Sac-San Joaquin Drainage District				
10	California - State Lands Commission	State Natural Gas Storage Lease (Short Form)	San Joaquin River	1-Jul-10	July 7, 2010 / Inst. No. 2010-0086829 (Fresno)

EXHIBIT B



GILL RANCH STORAGE LLC, SUBSURFACE NATURAL GAS STORAGE

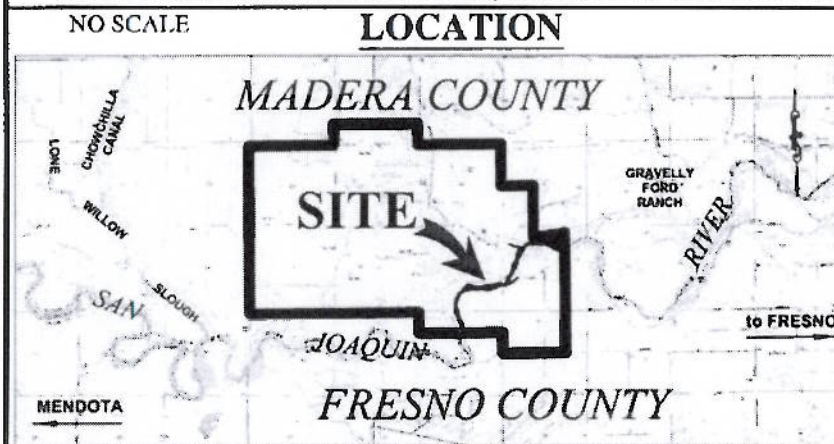


Exhibit B
W 40948
GILL RANCH STORAGE LLC
SUBSURFACE GAS
STORAGE LEASE
FRESNO & MADERA
COUNTIES



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

EXHIBIT "C"

LAND DESCRIPTION

A Parcel of land, consisting of Swamp and Overflowed Lands and other uplands, lying within and adjacent to the South ½ of Section 21, the West ½ and the West ½ of the East ½ of Section 22, and the North ½ of the North ½ of Section 28, Township 13 South, Range 16 East, MDM, within Fresno and Madera Counties, California;

Being portions of the following parcels described in deeds to the Sacramento and San Joaquin Drainage District:

- A. Parcels 4087D, 4087H(j), 4087(k), 4087(l), 4087(m), 4087(n), 4087(o), 4087(p), 4087(q), 4354, and 4355, all as described in the deed from Newhall Land and Farming Company, recorded in Book 974 at Page 440, Official Records of Madera County;
- B. That parcel described in the deed from the Estate of Brewer, recorded in Book 5200 at Page 638, Official Records of Fresno County;
- C. Parcels 3851-A, 3851-B(m), 3851-B(n), 3851-B(o), 3851-B(p), 3851-B(q), 3851-B(r), 3851-B(s), 3851-B(t), 4354, and 4355, all as described in the deed from Brown, recorded in Book 5267 at Page 425, and in the deed from Imeson, Kefford, and Lucas, recorded in Book 5267 at Page 435, and in the deed from Thomas, recorded in Book 5367 at Page 270, Official Records of Fresno County;
- D. Parcels 3845-A and 3845-C(a), both as described in the deed from Brown, recorded in Book 5267 at Page 441, and in the deed from Thomas, recorded in Book 5369 at Page 269, Official Records of Fresno County;
- E. Parcels 3872-A, 3872-B(a), 3872-B(b), 3872-B(c), 3872-B(d), all as described in the deed from Brown, recorded in Book 5268 at Page 522, and in the deed from Soares, recorded in Book 5604 at Page 151, Official Records of Fresno County;

EXCEPTING THEREFORM any portions of the previously enumerated parcels lying below the ordinary low water mark of the San Joaquin River.

END DESCRIPTION



Aug 13 / 2010

STATE OF CALIFORNIA
STANDARD AGREEMENT
STD 213 (Rev 06/03)

AGREEMENT NUMBER

REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

CONTRACTOR'S NAME

2. The term of this Agreement is: through

3. The maximum amount \$ of this Agreement is:

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work 1 page(s)

Exhibit B – Budget Detail and Payment Provisions 2 page(s)

Exhibit C* – General Terms and Conditions 2

Check mark one item below as Exhibit D:

☐ Exhibit - D Special Terms and Conditions (Attached hereto as part of this agreement) page(s)

☐ Exhibit - D* Special Terms and Conditions page(s)

Exhibit E – Additional Provisions page(s)

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto.
These documents can be viewed at www.ols.dgs.ca.gov/Standard+Language

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)

BY (Authorized Signature)

DATE SIGNED (Do not type)



PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

STATE OF CALIFORNIA

AGENCY NAME

Central Valley Flood Protection Board

BY (Authorized Signature)

DATE SIGNED (Do not type)



PRINTED NAME AND TITLE OF PERSON SIGNING

Jay Punia, Executive Officer

ADDRESS

3310 El Camino Avenue, Room 151, Sacramento, CA 95821

California Department of General
Services Use Only

☐ Exempt per: